

HOUSE BILL 3788
By McCord

AN ACT to amend Tennessee Code Annotated, Title 6,
Chapter 56, relative to investment of funds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-56-06(a)(2), is amended by deleting such subdivision in its entirety and by substituting instead the following:

(2) Non-convertible debt securities of the following issuers; provided, that such securities are rated in the highest category by at least one (1) nationally recognized rating service:

(A) The federal home loan bank;

(B) The federal national mortgage association;

(C) The federal home loan mortgage corporation;

(D) The federal farm credit bank; and

(E) Any student loan marketing association or student loan non-profit public-benefit corporation operating as a Section 150(d) corporation under the Internal Revenue Code of 1986, as amended, that either originates or purchases loans under the Federal Higher Education Act of 1965, as amended;

SECTION 2. Tennessee Code Annotated, Section 6-56-106(b), is amended by deleting such subsection in its entirety and by substituting instead the following:

(b) The investments listed in subdivisions (a)(1)-(4) and in money market funds may have a maturity of not greater than four (4) years from the date of investment; however, such investments may have a maturity of greater than four (4) years from the date of investment if the obligation represented by such

investment may be tendered by the holder to the issuer or an agent of the issuer, or may be submitted by the holder to be sold pursuant to auction procedures applicable to such investments, at not less than annual intervals, or if such maturity is approved by the state director of local finance.

SECTION 3. Tennessee Code Annotated, Section 6-56-106(c)(2), is amended by deleting such subdivision in its entirety and by substituting instead the following:

(2) Are direct general obligations or revenue obligations payable from a lease agreement or loan agreement that is a direct general obligation of a state of the United States, or a political subdivision, or instrumentality thereof, having general taxing powers; and

SECTION 4. Tennessee Code Annotated, Section 6-56-106(c)(3), is amended by deleting such subdivision in its entirety and by substituting instead the following:

(3) Have a final maturity on the date of investment of not to exceed forty-eight (48) months, or that may be tendered by the holder to the issuer of the bonds, notes and other obligations, or an agent of the issuer, or may be submitted by the holder to be sold pursuant to auction procedures applicable to such bonds, notes or other obligations, at not less than forty-eight-month intervals.

SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.